

Highlights

- New version St. Paul Training Guide available online

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Loan Production Section
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St. Paul Loan Notes



Helping Our Nation's Heroes Obtain the American Dream

A Monthly Information Newsletter for Real Estate Professionals and Lenders

From the Loan Production Staff

Welcome to the 8th edition of the St. Paul Loan Notes. There are new faces in the Loan Production Section at the St. Paul Regional Loan Center. Kent Koehler, recently joined the Loan Production Staff as the Assistant Loan Production Officer, under Andrew Kirchhoff, Acting Loan Production Officer. The Quality/Training Team also has a new addition, Grant Jordahl, who joined the team earlier this summer.

The St. Paul Regional Loan Center Training Guide has been updated to incorporate changes to the program and is now available online. You can access it at:

<http://www.vba.va.gov/ro/central/stpau/PDFs/July%2006%20Tng%20Guide.pdf>

This month's Training Broadcast is scheduled for Wednesday, August 9th beginning at 11 am, and should last about an hour. The broadcast will be featuring "News and Updates" on the VA Home Loan Program. You can view the broadcast live via streaming video or at a Regional Office and call in with questions.

If you should have any comments, questions or concerns you can contact us by e-mail at RLCTT@vba.va.gov or call us at 1-800-827-0611 ext 3716.

St. Paul Regional Loan Center
Quality/Training Team

Sample Documents Available Online

The vast majority of required documents for VA Home Loans are VA Forms which can be found online at:

<http://www.va.gov/vaforms/>

However, not every required document for VA Home Loans is a true VA Form. To assist lenders with new documentation requirements, the VA Home Loan Program has created a link on the National web page (www.homeloans.va.gov) for lenders to view sample documents that are to be used when closing VA Home Loans. The sample documents can be found online at:

<http://www.homeloans.va.gov/lendersampdocs.htm>

Sample documents available include Reserve Guard-Obligation, Power of Attorney, Alive and Well Certification, Escape Clause, Lender Certification, and Old vs New Loan Comparison Certification.



2006 VA Lenders Conference

The planning has already begun for the 8th annual VA Lenders Conference hosted by the Houston, Cleveland, and St. Paul Regional Loan Centers. Last year the conference was held in Cleveland, Ohio, with representatives from approximately 18 lenders participating. This year the conference is scheduled to be held November 2-3, 2006, in San Antonio, Texas.

The VA Lenders Conference is a great opportunity for lenders to hear from Regional Loan Center employees, as well as staff from Central Office in Washington, DC. The Conference also allows open discussion among lenders and VA employees on ways to improve the VA Home Loan Program.

Topics last year included eligibility, loan policy, the monitoring unit, loan review findings, appraisal issues, active duty issues, WBLS (Web Based Loan Summary Sheet), misleading advertising, and Regional Loan Center comparisons.

If you are interested in participating in the 2006 VA Lenders Conference and would like to receive more information, please e-mail the St. Paul Quality/Training Team at RLCTT@vba.va.gov. We hope you will be able to attend!

Question Forum

Q: The following situation has created an issue as far as borrower occupancy. The co-borrower recently graduated out of state with a RN degree and is planning to move here. The veteran borrower will be seeking employment within the next 60 days, but must remain out of state in his current position to maintain medical coverage. Co-borrower's insurance will become effective on August 1, 2006. Borrower has been at current employer for 14 years and will be working four 12 hr days and commuting here on weekends. He has terminated his current lease and will be moving in with relatives and not paying rent. Can you please clarify what meets occupancy requirements.

A: Please see the Lender's Handbook, Chapter 3, Section 5b. Occupancy within "reasonable time" means within 60 days of loan closing. More than 60 days may be considered reasonable if both following conditions are met: the veteran certifies that they will occupy the property as their home at a specific date after loan closing and there is a particular future event that will make it possible.

Q: I am on active duty and will be using my VA loan for the second time. Recently I went in for surgery and to my knowledge I am eligible for 50% disability upon my retirement from the military. Does this have any effect or relevance in regards to the funding fee on VA loans.

A: In order to be exempt from the VA Funding Fee, you must be in receipt of a VA Disability or have been approved for a Benefits Delayed Delivery prior to loan closing on your VA Home Loan. If you close prior to the awarding of the benefit you will not be exempt from the funding fee. If you close on your loan and then are awarded a VA disability and the effective date is prior to your closing, you can apply for a refund of the previously paid fee.

Q: I am trying to access the Funding Fee Payment System (FFPS) to do a funding fee. It will not take my password. Can you please reset it?

A: Unfortunately our office is unable to assist you with the FFPS. You can contact FFPS customer service by phone at 1-800-624-1373, option 2 or by e-mail at pay.gov.clev@clev.frb.org.

Q: Can foster care income be used for qualifying? In the back of my mind, I was thinking that it could not and I can't find anything in the Lender's Handbook. Where is it at in the handbook?

A: You can find the foster care income reference in Chapter 4.2r. Income from foster care can be used to balance the expenses of caring for the foster children against any increased residual income requirements.

Q: I am a mortgage broker and I have a few questions for a client of mine who is looking to buy a house and finance it with a VA loan. What are your minimum FICO score requirements? What are the minimum number of trade lines required? What is the maximum debt-to-income ratio allowed?

A: VA does not have minimum score requirements and they are not considered during the underwriting process for VA home loans. Lack of credit is not a reason for disapproval. For applicants with no established credit history, the credit history determination can be based on payment record on utilities, rent, automobile insurance, or other expenses the borrower may pay. The general guideline for the debt to income ratio is 41%. A borrower may still have a loan approved if the ratio is greater than 41% but it will possibly require closer scrutiny. You may want to review Chapter 4 of the Lender's Handbook, which can be found at:

www.warms.vba.va.gov/pam26_7.htm

Q: Can a surviving spouse use her deceased spouse VA entitlement to purchase a new home? Per the guidelines she can only do an IRRRL on the original loan with her deceased husband. Per the broker this is incorrect. I checked Chapters 2 and 5 and she is trying to buy a new home.

A: If the veteran died of a service connected disability, then the spouse may be eligible. If the veteran passed due to natural cause, then the spouse will probably not be eligible. To determine if the spouse is eligible, have her request a COE from the Winston-Salem Eligibility Center. Instead of completing VA Form 26-1880, Request for a Certificate of Eligibility, she will complete VA Form 26-1817, Request for Determination of Loan Guaranty Eligibility-Unmarried Surviving Spouses.

Q: If the spouse is not on the mortgage can he/she be on title?

A: VA is not concerned if the spouse is on title, but not on the mortgage. If the property is in a community property state, the lender must follow state regulations. Lenders should contact their legal counsel for further guidelines.

Q: Should the Loan Guaranty Submission package be sent to the RLC or can we, the lender, issue it online?

A: The Loan Guaranty Certificate can now be issued by the mortgage company. You will need to go to vip.vba.va.gov and enter your username and password. Once you are in the system, you will need to click on the "WebLGY" link and a window will pop up to the WebLGY system. You will need to go to the link at the top of the page entitled "Select Loan" then a drop down box should appear and you should click on "Enter New Loan". Fill out the information and follow the steps and you will be able to issue your LGC. Any correction will need to be fixed at the source such as the Funding Fee Payment System or The Appraisal System.